




STATE OF DELAWARE  
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September 9, 2014

MEMORANDUM

TO: The Chair and Members of the Commission  
FROM: Toni Loper, Public Utility Analyst   
SUBJECT: IN THE MATTER OF THE APPLICATION OF FRONT LINE POWER SOLUTIONS, LLC FOR A  
CERTIFICATE TO PROVIDE ELECTRIC SUPPLY SERVICES WITHIN THE STATE OF DELAWARE  
(FILED AUGUST 8, 2014) - PSC DOCKET No. 14-71

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Background

On August 8, 2014, Front Line Power Solutions, LLC (the "Company" or "Applicant") filed an application (the "Application") with the Delaware Public Service Commission ("Commission") for an Electric Supplier Certificate ("ESC") to act as a Broker in the State of Delaware pursuant to §1012 of the Electric Utility Restructuring Act of 1999, 26 *Del. C.* §1001 - §1020 (the "Act") and 26 *Del. Admin. C.* §3001, the Commission's Rules for Certification and Regulation of Electric Suppliers (the "Supplier Rules").<sup>1</sup>

Application

The Company's original filing was submitted February 11, 2014, but the submitted application did not meet the minimum filing requirements (MFR's). Staff requested that the Company file additional documentation to show the following information: a) a brief description of the nature of the business to be conducted, including types of customers to be served, services provided and geographic area in which services would be provided, b) list of all states in which Applicant or any of its affiliated interests has been denied approval by a state commission or had its authority revoked, and c) toll-free number of the Company's customer service department.

Follow up documentation was received from the Company with information that satisfied the requirements for items a, b, and c. After further review and consultation with Staff's attorney, other deficiencies were identified and additional documentation was requested. Staff requested that the Company provide the relevant operational experience of each principal officer responsible for Delaware operations. This information was received from the Company on April 20, 2014. On May 12, 2014 Staff

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<sup>1</sup> Unless otherwise noted, all references to capitalized terms are set forth in the Act and/or the Supplier Rules.

requested that a signed, sworn verification letter be submitted to complete the filing. Staff then requested updated financial documents which were received on August 8, 2014. These documents completed the Application's MFR's.

### **Review and Analysis**

#### **Authority to do Business in Delaware**

The Company is a limited liability company formed under the laws of Rhode Island. The Company has provided proof, in the form of a certificate of good standing issued by the Secretary of State of Rhode Island certifying that Front Line Power Solutions, LLC is duly organized and existing under the laws of Rhode Island and in good standing as of January 17, 2014. The Company also submitted a copy of the Certificate of Registration of a Foreign Limited Liability Company from the Delaware Secretary of State, Division of Corporations dated January 24, 2014. Hence, the Company has provided proof issued by the Delaware Secretary of State that it is legally authorized and qualified to do business in the State of Delaware.

#### **Resident Agent**

The Company supplied in the Application the contact information for a Delaware registered agent, which is National Registered Agents, Inc. in Dover, DE.

#### **Compliance with Regional Requirements**

The Company affirms in its Application that it will only present electricity supply contracts to its customers from Marketers/Electric Suppliers who are in compliance with all applicable PJM requirements.

### **Financial, Operational, Managerial and Technical Ability**

The Company provided a statement of income and a balance sheet as indicia of financial capability under Section 2.1.1.5.1 of the Supplier Rules. Staff believes that these documents show substantial evidence of the Applicant's financial ability to provide services as a Broker in the State of Delaware.

The Company anticipates acting as a Broker serving commercial customers for the sale or purchase of electricity throughout the State of Delaware. The Company's Application states that it is presently licensed in Massachusetts, New Jersey, Rhode Island, Ohio, Maryland and Pennsylvania. Staff has confirmed that the Company is licensed in all of those states. In addition, the Application states that the Company has not been denied approval nor had its authority revoked by any state commission. Staff believes that this information shows substantial evidence of the Applicant's operational ability to provide services as a Broker in the State of Delaware.

The Application included a summary of the key operating personnel of the Company. Mr. John Holmes, Chief Executive Officer of the Company, has experience as a manager and in the energy industry. Beginning in 2006, Mr. Holmes was a manager with an energy supplier in Rhode Island. Mr. Holmes has been involved with the sale of energy contracts, hiring and training of managers responsible for the sale of energy supply contracts, as well as the development of the PJM/NEPOOL markets for Glacial Energy. Mr. Holmes has over 7 years of experience in the energy industry and over 20 years of

experience in management. Staff believes that this information shows substantial evidence of the Applicant's managerial and technical ability to provide services as a Broker in the State of Delaware.

Staff performed an internet review and check of the Company and its key operating personnel. The search did not reveal any issues.

#### Surety Bond

The Company did not post a surety bond because it is applying to become a Broker, and there are no service agreements between the Company and any Delaware Electric Distribution Company. The Company will not collect any fees or deposits from any of its customers for any of its brokerage services.

#### Verification of Application

The Application was verified in a signed, sworn verification letter provided by Mr. Holmes.

#### Consent to Jurisdiction

The Company consents to the jurisdiction of the Delaware courts.

#### Contracts

The Company did not provide any sample contracts for Small Commercial Customers because it is applying to become a Broker and does not and will not have contracts with Retail Electric Customers to provide Electric Supply Service.

#### Statement of Criminal Activity

The Applicant stated that it has not been charged or convicted of any criminal activity nor have any of its principals, members, or company officers. The Applicant has no affiliated interests. An internet review of the Company and its principals revealed no outstanding issues.

#### Legal Review

During the review and analysis process and each phase of the requests for additional documentation for this Application, Staff communicated with the assigned attorney to ensure that all required documentation requested and received from the Company was in compliance with Delaware law and the Supplier Rules. Staff submitted this Memo for review by the attorney on August 15, 2014.

#### Staff Recommendation

Based on Staff's review and analysis of the Application, the Company has satisfied the requirements of the Act and the Supplier Rules. The Company resolved all outstanding issues with Staff, and the completed Application supports the Company's request for certification. Staff's review and analysis of the Application submitted by the Company demonstrates substantial evidence of capability to render service based on the Company's financial, operational, managerial and technical abilities. Therefore, Staff recommends that the Commission approve the Application.